

**GROUP INSURANCE COMMISSION  
GICPND1402**

**Providing Flexible Spending Account Administrative Service  
To the Commonwealth of Massachusetts**

**Bidders Conference and Questions and Answers**

The bidders' conference for GICPND1402 was held on Friday, March 7, 2014, 9:00 AM the GIC offices. Catharine Hornby, Deputy Director, began the bidders' conference, and introduced all GIC staff conference attendees. GIC staff stressed several key points about the procurement process:

- All deadlines and format guidelines stated in the RFR are firm. Additionally, bidders were advised that all bids **MUST** be delivered to the GIC offices on the 4<sup>th</sup> floor at 19 Staniford Street. Bids delivered to the lobby security desk or the loading dock may not be delivered to the GIC offices in time to meet the deadline. **Late submission will not be accepted.**
- Bidders were advised that all materials they submit can be disclosed, as they are subject to public records laws, even if marked by the bidder as confidential or proprietary. Bids will not be made available to public records requestors until after the contract has been awarded and executed.
- Bidders were also advised of the importance of the Supplier Diversity Program (SDP) portion of the RFR. As required by state rules, the SDP will count toward 10% of the total points of the RFR.
- The state's procurement website, Comm-PASS, will be replaced by a new system, called COMMBUYS, starting March 24. Due to this change, there will be a blackout period, beginning on February 28 at 5:01pm and continuing through March 24, when the GIC will not be able to post any new documents either to Comm-PASS or COMMBUYS. During this blackout period, information and updates will be posted to the GIC's website [www.mass.gov/gic/fsavendor](http://www.mass.gov/gic/fsavendor)

FSA Bidders' Conference as of March 7, 2014

## **RESPONSES TO WRITTEN QUESTIONS SUBMITTED PRIOR TO THE BIDDERS' CONFERENCE**

Questions regarding the RFR had been submitted to the GIC prior to the bidders' conference. Karin Eddy and Paul Murphy read the questions and gave the GIC responses as follows:

- 1. For the samples requested in the RFR, is it appropriate for us to provide you with the actual material we provide to the GIC instead of our generic samples since what we provide to you are custom compared to the normal? Example would be your participant monthly account statements or enrollments confirmations that contain custom text for your group. If so, can we include actual GIC data in the material (i.e. GIC logo with GIC live statistics)**

*Samples should demonstrate what the GIC could expect to be produced for FSA (HCSA & DCAP). Customizing to our specifications would help us understand your capabilities.*

- 2. I was looking to get a copy of the current contract in force and the operator at GIC indicated that it would need to be obtained from you. How would I go about getting a copy of the current contract on file for FSA administration? The RFR for the current contract is GICPND0710. Will this email suffice as a request or is there a formal channel I need to go through to do a FOIL request or equivalent?**

*The contract is public information. The Benefit Strategies contract and contract amendments will be posted on the GIC website, along with this bidders' conference document by March 12, 2014*

- 3. What COBRA materials are being requested? Please provide specifics. (Page 2, Sec III)**

*HCSA participants are able to elect COBRA when they leave state service. The FSA administer handles this program. Please provide sample notice of eligibility, enrollment form, payment notices, etc. that would be sent to an HCSA participant. See RFR Page 14 Question 28 – The plan administrator shall handle all HCSA COBRA applications including eligibility notices, billing and claims processing.*

- 4. Please provide the current fee structure as this is relevant and will help us to determine if we can offer a competitive arrangement. (Page 3, Sec IV)**

*The FSA program is funded by enrollee administrative fees only. The monthly administrative fee is \$3.60 – for Health Care Spending Account (HCSA) alone, Dependent Care (DCAP) alone or for HCSA/DCAP combined. There are currently 18,208 participants in FSA program. See RFR pages 22 & 23 Section VII – Cost Proposal identifies benchmarks for participant enrollment the administrative fee that will*

*be charged. We anticipate as the number of participants' increases, the participants will have costs savings and their monthly administration fee will decrease. (Page 17 Q9)*

5. **Please confirm that the current debit card processing is compliant with IRS regulations. For example, are there any dollar thresholds under which documentation is not requested? Are there any other processing parameters that are not specifically allowed under current IRS guidance? (Page 3, Sec IV)**

*Under the current operation, thresholds are determined by Merchant Category Codes (MMC). The current vendor has parameters for specific MCC codes such as Doctors and Hospitals which have a \$250 threshold. Dental is \$300. All transactions are monitored by the vendor so that it can be manually substantiate and approve appropriate expenses.*

6. **Indicates 16,500 HCSA and 2,350 DCAP participants. Please provide to total number of participants. Please provide the number of participants with both a HCSA and DCAP account. (Page 4, Sec IV)**

*As of 3/4/2014*

*HCSA: 17,543*

*DCAP: 2,404*

*Total Accounts: 19,947*

*Participants with both HCSA and DCAP: 1,734*

*Total number of participants: 18,208*

7. **Please describe in detail what is expected for the “annual plan review report.” (Page 9)**

*Annual Plan review report is for the participants and should provide information regarding their election and account activity – such as claims processed, claims denied, payments made by debit card or reimbursement for the plan year, and any monies forfeited.*

8. **Please describe the COBRA services in place at this time. (Page 10)**

*Currently the FSA Administrator notifies participants when they are eligible to continue to contribute to the HCSA account under COBRA by making direct payments on an after-tax basis. Participants are identified for COBRA based on the payroll files sent from HRCMS/UMASS and offline payroll – indicating the employee has terminated employment.*

*“The HCSA Continuation Coverage under COBRA General Notice and Election Form are available from FSA Administrator as well as on the GIC’s website at [www.mass.gov/gic/fsa](http://www.mass.gov/gic/fsa). The FSA Administrator currently charges a 2% administrative fee.” Participant Handbook 2014 ([www.mass.gov/fsa](http://www.mass.gov/fsa))*

*See RFR Page 14 Q28*

**9. Please provide the number of payroll managers. (Page 12, #8)**

*Page 4 – Payroll Deduction Processing*

*The state has two primary payroll systems, HR/CMS and UMass. Additionally, there are 92 offline agencies (authorities and other public entities who are not on the state payroll systems) with employees who participate in the GIC's FSA program. Other authorizes are eligible but do not currently have employees who participate in the GIC's FSA program.*

**10. Are the quarterly service meetings required to be on site or over the phone? (Page 14, #9)**

*The GIC requires onsite meetings. However, the GIC program manager reserves the right to have fewer in-person meetings, if they feel that in-person meetings are needed on a less frequent basis*

**11. How are the codes used? Please describe in detail. (Page 15, #31)**

*Each agency is assigned an agency code that helps identify that correct group within the agency. For example the Massachusetts Department of Mental Health (DMH) has 20 DMH agency codes, DMH1000 – DMH4704, these codes are important for matching participants with the payroll deductions.*

*Offline agencies codes begin with 999-XXXX.*

**12. Please describe the current funding arrangement in detail and why physical locations are necessary in Commonwealth of Massachusetts. (Page 16, #30)**

*Currently, there are participants in either HCSA or DCAP that have checks issued for reimbursements. Participants should be able to cash those checks without delay or accruing check cashing fees.*

**13. Please describe what the “payroll refund errors” are and how this process works. (Page 17, #8)**

*Payroll refund errors: when payroll deductions are taken and should not have been. This could be for a variety of reasons, such as the wrong amount was entered; participant did not enroll in current plan year; participant enrollment in DCAP and was not eligible for the program. All FSA refunds require GIC's approval prior to being processed.*

**14. Where are the five seminars held and over how many days? Onsite? By webinar? Consecutive days? (Page 18, #3)**

*In 2013 three breakfast meetings (seminars) were held in Holyoke, Boston and Plymouth.*

**Wednesday, September 25, 2013, The Delaney House, Route 5 at Smith's Ferry, Holyoke, MA 01040, 8:30am – 11:00am**

**Thursday, September 26, 2013, John Hancock Hall, Dorothy Quincy Suite, 180 Berkeley Street, Boston, MA, 02116, 8:30am – 11:00am**

**Friday, September 27, 2013, John Carver Inn, 25 Summer Street, Plymouth, MA 02360, 8:30am – 11:00am**

*Based on feedback from the GIC Coordinators, we may add two more breakfast meetings and/or webinars to work with GIC Coordinators prior to FSA open enrollment.*

**15. Will Commonwealth of Massachusetts pre-fund the health care FSA? (Page 18, #6)**

*The GIC will not pre-fund the HCSA. Plan participants, not the Commonwealth, pay 100% of the program costs.*

**16. Whose name and EIN is required on the Plan Bank Account? (Page 16, #6)**

*"The plan administrator shall set up a separate interest-bearing reserve account funded by forfeitures and funds will not be co-mingled with funds from other accounts." - RFR*

*The FSA Administrator's name is on the account with their EIN. They are contractually required to manage the account and the funds transfer to the new vendor if applicable.*

**17. Is the requirement one page for question 1; or can we provide one page for 1.a., one page for 1.b., etc.? (Page 20)**

*Please submit one page for each question, i.e. one page for 1.a – 1.f.*

**18. Will the administrator be required to print and mail all 45,000 communication pieces? (Page 20, #2)**

*Currently, the GIC approves the vendor that will print and mail the communication pieces; such as open enrollment brochures, posters, postcards, highlights of changes to the plan and letters to current participants. Some of these items must be printed and distributed to the GIC/Payroll Coordinators. The letter to current participants will be mailed to participants' homes. The open enrollment packet, which will be sent to all GIC/Payroll coordinators or distributed during the breakfast meetings, an enrollment form, claims forms, coordinator and employee letter and any other necessary open enrollment materials determined by the GIC. GIC's operating costs; open enrollment materials, travel costs, breakfast meetings, etc. use the forfeiture funds from prior years.*

**19. There are four options for the cost proposal. What is expected for each of the four options? (Page 22-23)**

*The cost proposal – RFR Pages 22 and 23*

*We're requesting monthly fee prices for the various options. The GIC is considering changes to the plan, possibly lowering the minimum HCSA enrollment and/or switching to new \$500 carryover extension option.*

**20. Why is the Commonwealth of Massachusetts going to bid for FSA?**

*The Commonwealth is going out to bid because its contract with the current administrator expires on December 31, 2014.*

**21. What has been most effective for the GIC in communicating the benefits of spending accounts for your employees today?**

*The communication campaign is multifaceted and ongoing throughout the year with outreach to GIC/Payroll Coordinators at all agencies, current FSA participants, and eligible employees. Working to educate all parties about FSA programs and how they can benefit.*

**22. Do you currently offer any tools, calculators or modeling software to your employees to identify the benefits of spending accounts?**

*Our current vendor provides Health FSA Election Worksheet on their website.*

**23. Regarding your current claim substantiation process:**

**a. Do you provide a co-pay/deductible file to your administrator?**

*No.*

**b. Does your administrator receive claim files from your health care providers?**

*No.*

*The current FSA Administrator is not receiving claims feeds from any of the GIC's medical, dental or vision providers. The current health, vision and dental providers are listed below:*

*Health:* *UniCare, Tufts Health Plan, Harvard Pilgrim Health Care, Fallon Community Health Plan, Neighborhood Health Plan, Health New England*

*PBM:* *CVS Caremark (for UniCare and Tufts Health Plan – PBM with other Health Plans vary)*

*Vision:* *Davis Vision [non-union & confidential employees]*

*Dental:* *MetLife [non-union & confidential employees]*

*[All of the Commonwealth's unionized employees receive their dental and vision benefits from health and welfare Trust Funds which are not administered by the GIC.]*

**24. What would the GIC change about your current spending account program and administration to make the work associated with this benefit offering easier for the GIC benefits administration staff?**

*GIC would like increase FSA enrollment as well as the online enrollment and to go to a paperless process. Some state employees and offline agencies do not have access to online services so some paper transaction may remain.*

**25. What would the GIC change about your current spending account program and administration that would enhance the employee experience for this benefit offering?**

*The GIC is considering changes to the plan, possibly lowering the minimum HCSA enrollment and/or switching to new \$500 carryover extension option.*

**26. What do you believe will be the GIC's biggest challenges if you conclude that it is best to change your spending account administrator:**

- a. For current participants and eligible employees?
- b. For internal operations?

*Communication, there are various audiences that need to be informed of changes, eligible employees, current participants, GIC Coordinators, etc. We will need to determine if the current or new FSA Administrator will handle the 2 ½ month Grace Period and transition of accounts will need to be coordinated. We experienced a similar transition process for the beginning of the current contract.*

**27. What languages will the administrator be required to support for your population? Please provide an estimated language break down, by percentage, for your entire population.**

*Currently materials are provided in English. All print and electronic materials need to be meet ADA accessibility standards and adhere to the Commonwealth's Information Technology accessible guidelines. (<http://www.mass.gov/anf/research-and-tech/policies-legal-and-technical-guidance/tech-guidance/accessibility-guidance/>)*

**28. How many GIC administrators will require access to the spending account system?**

*Currently access to the FSA system is not required. We expect the FSA Administrator to respond to our questions.*

**29. The Supplier Diversity Program (SDP) form was not accessible via the Forms and Terms tab of Comm-PASS, as noted on page 12 of the RFR. Please advise how we might obtain this form.**

*We can post that form on the [www.mass.gov/gic/fsavendor](http://www.mass.gov/gic/fsavendor) page.*

**30. How many active cards today in 2014? 2013 totals were referenced in the RFR.**

*All HCSA participants receive a set of two debit cards and can order additional sets of two debit cards for \$5.00 each set.*

**31. Why did the year over year participant count decrease from 2013/2014? Future projections?**

*This number fluctuates, as of March 4, 2014 the number of participants has increased over 2013. (Detailed participant counts are provided in response to question six, above).*

**32. What is the participant count of the 92 off line agencies (2013 and 2014)?**

*See RFR Appendix D – Offline Agency Enrollments*

**33. Confirming UMass and offline agencies included in overall participant totals?**

*Yes, UMass and Offline agencies are included.*

**34. Are any of the processes being asked of Administrators in this RFR something that the current administrator is not doing? If so please detail.**

*No.*

**35. Do you currently send an assumed deduction file or actual deduction files to your FSA vendor?**

*The Commonwealth of Massachusetts, HR/CMS agencies and UMass, send actual payroll deductions to the FSA administrator. Currently none of the offline agencies provide electronic payroll deduction data.*

**36. Is a High Deductible Health Plan being offered today? If so is an HSA available for employees?**

*The GIC Health Plans are not High Deductible Plans.*

**BIDDERS' CONFERENCE QUESTIONS**

Discussion was opened to further questions from bidders' conference attendees. Those questions and the GIC responses follow:

**1. Who was the vendor prior to the current vendor?**

*SHPS, Inc. preceded the current vendor; before SHPS was Sentinel Benefits.*



- 2. Regarding the disc submission, should vendors submit one CD with the technical proposal and a second with the cost proposal? Or just one CD with both parts?**

*The latter. Bidders should submit one CD with both the technical and the cost proposal.*

- 3. Who is the intended audience for the handbook? Participants or agency coordinator?**

*Handbooks are intended for participants to help them understand the mechanics of the program.*

- 4. Is there a contact person at each offline agency?**

*Yes.*

- 5. Other than the 7,500 paper enrollment form, what is the format for enrollment changes?**

*Current participants can access their FSA account to make adjustments to their personnel information and re-enroll each year. All changes in status require completing "change in status" form and submitting it to their agencies GIC/Payroll Coordinator for processing with the FSA Administrator.*

- 6. Is the GIC open to automating the paper enrollment system?**

*Yes, the GIC would like enrollment and changes to move more and more to online transactions. However, some of the small offlines, particularly the housing and redevelopment authorities who employ just three or four people with minimal IT infrastructure are not in a position to go paperless, and so paper transactions to enroll, report family status changes, stop payroll deductions will continue to be necessary in some cases.*

- 7. For smaller groups, what path is available to the vendor to resolve issues if the vendor is unable to resolve them with the agency?**

*The GIC's FSA program manager, Karin Eddy, will be available to help resolve issues where agencies are unresponsive.*

- 8. Is the GIC open to an automated portal to add or drop participants, or will this be a manual process?**

*Currently, employees may make changes to their account online. The GIC is also open to greater automation.*

- 9. Is the reference to 45,000 pieces of communication an estimate of the total pieces? Or is it the count for each mailing?**

*A mailing may involve as many as 45,000 pieces of communication – for example, postcards sent at Open Enrollment may go out to that many households in an effort to boost participation. However, other mailings are smaller: mailings to current participants would involve fewer than 20,000 pieces.*

- 10. Please confirm that COBRA applies only to HCSA and not to DCAP.**

*Confirmed.*

**11. What eligibility files are sent through SFED?**

*Files to establish enrollment go to (1) UMass and (2) HR/CMS payroll systems; to confirm deductions, (3) UMass and (4) HR/CMS payroll systems send files back to the FSA vendor. That's four file feeds in total. The vendor also sends enrollment files as a feed to benefits statements (distributed annually to GIC members so they can confirm and correct their benefit details).*

**12. Please confirm that forfeitures are used to pay for the cost of breakfast meetings and other market.**

*Confirmed.*

**13. Is the cost of administering COBRA funded through the admin fee or from forfeitures?**

*The cost of administering COBRA is funded through the admin fee.*

Executive Director Dolores Mitchell made closing remarks. She emphasized the importance of the Flexible Spending Account program to the GIC and its members, saying this is a program we believe in, and which we'd like to see grow. She explained that the enrollment growth in the program has been slow, probably because it is difficult to convince people that by reducing their paycheck they will see savings. She stated that the GIC is interested in a vendor with the imagination to help the program grow, and the efficient procedures to administer it well.

The bidders' conference ended at 9:45 am.

**ADDITIONAL QUESTIONS – POST-BIDDERS' CONFERENCE**

**1. What are the current fees being charged to the participants and/or the Commonwealth of Massachusetts?**

*The current monthly administrative fee of \$3.60 is paid by each participant – for Health Care Spending Account (HCSA) alone, Dependent Care (DCAP) alone or for HCSA/DCAP combined.*

**2. Does Benefit Strategies charge a fee for the debit card?**

*No fee the first set of two debit cards and \$5.00 for each additional set of two debit cards.*

**3. Does Benefit Strategies charge a fee for attending any State enrollment meetings and/or benefit fairs?**

*No.*

**4. Is the current contract using any subcontractors?**

*Yes, for debit card, website and mobile app services.*

- 5. The RFR states that the FSA Administrator will be responsible for mailing enrollment materials to the employees and should be prepared to print ~45,000 pieces of materials. Does Benefit Strategies currently charge for this printing or charge for the mailing of materials to the employee homes? Are these pieces distributed to the various Massachusetts agencies or mailed to the employee homes?**

*Currently, the GIC approves the vendor that will print and mail the communication pieces; such as open enrollment brochures, posters, postcards, highlights of changes to the plan and letters to current participants. Some of these items must be printed and distributed to the GIC/Payroll Coordinators. The letter to current participants will be mailed to participants' homes. The open enrollment packet, which will be sent to all GIC/Payroll coordinators or distributed during the breakfast meetings, an enrollment form, claims forms, coordinator and employee letter and any other necessary open enrollment materials determined by the GIC. GIC's operating costs; open enrollment materials, travel costs, breakfast meetings, etc. use the forfeiture funds from prior years.*

- 6. How long has the Commonwealth of Massachusetts been with Benefit Strategies?**

*Our current contract began January 1, 2010.*

- 7. Has the admin fee changed for any of the one (1) year optional renewals or was the fee fixed for all five (5) years?**

*For the current contract the administrative fee was \$3.60/month for all years.*

- 8. Has the admin fee been a fixed fee or was it ever reduced/increased due to changes in enrollment?**

*The participants have paid a fixed administrative fee of \$3.60 per month.*

- 9. Will the GIC consider pricing that is for a Commonwealth of Massachusetts -paid option rather than employee-pay-all?**

*The plan participants, not the Commonwealth, pay 100% of the program costs.*

- 10. Does the debit card work for both the HCSA and the DCAP or just the HCSA? Only HCSA?**

*Currently, our FSA program only offers debit cards for the HCSA.*

- 11. Do employees automatically receive a debit card or do they have to opt in? The number of cards in relation to the total HCSA participants seems extremely high for an opt-in program.**

*Employees automatically receive two debit cards. Participants can request and pay a \$5.00 fee for additional sets of two debit cards.*

- 12. For the HR/CMS payroll files, does the Commonwealth of Massachusetts send one payroll file that contains both HCSA and DCAP deduction data or separate files for each? One payroll file for DCAP, HCSA and HCSAF?**

*One file with data for DCAP, HCSA and HCSAF deductions is sent.*

- 13. Do the UMass campuses send one file per campus or one all-encompassing file for all five (5) campuses?**

*One payroll file is provided for all UMass campuses.*

- 14. Does the Commonwealth's payroll system store the deduction data for the HCSA/DCAP or does the GIC rely on Benefit Strategies to notify it of the proper deduction amounts each pay date?**

*Deductions are entered in the various payroll systems by GIC/Payroll Coordinators and the FSA Administrator verifies that all deduction amounts were correctly taken.*

- 15. On a per pay date [pay period] basis with the Commonwealth's payroll, is there one set of files sent from Massachusetts to Benefit Strategies or are there several files involved that go back and forth between the Commonwealth and Benefit Strategies for each pay date [pay period] (e.g initial deduction file from Benefit Strategies to Commonwealth, confirmation file from Commonwealth of Massachusetts to Benefit Strategies, discrepancy file from Benefit Strategies to GIC, etc...)?**

*For HR/CMS and UMass agencies a report is sent to Benefit Strategies and they as the FSA vendor reconcile deductions. In the event of any Benefit Strategies works with the appropriate agency GIC/Payroll Coordinator to resolve any discrepancies.*

*For offline agencies, our FSA Administrator sends a payroll deduction notification, a secure PDF, to offline agencies participant's plan and dollar amount each program (HCSA/DCAP/HCSAF) for every pay period. Agencies respond to confirm participants and amounts or provide edits.*

- 16. What is the current method that Benefit Strategies is using that allows the off-line agencies to participate in the FSA program (paper reporting, Excel file, Web reporting, etc...)?**

*All new participants, HR/CMS, UMass, and Offline agencies, complete a paper enrollment form and this submitted to their GIC/Payroll Coordinator for confirmation of eligibility and a section is completed by their agency coordinator. The completed form is submitted to the FSA Administrator. Current participants re-enroll online on the FSA Administrator's site.*

**17. Have there been any issues with deductions being reported/processed correctly with Benefit Strategies for HR/CMS, UMass or any of the offline agencies?**

*Participants on unpaid Leave of Absence have experienced disruptions in benefits as the deductions are not made. Some GIC/Payroll Coordinators by improperly coding deductions, i.e. DCAP code mistaken used rather than HCSA code and vice versa these are manual corrections*

**18. Does the GIC receive a monthly administrative bill from Benefit Strategies for the total participation and admin fees?**

*No. Administration fees are taken each pay period, HRCMS and UMass payroll systems are on a bi-weekly schedule, some of the offline agencies have weekly payroll.*

**19. Is there a backup invoice detail sent with this bill?**

*FSA Administrator does not bill GIC.*

**20. Is the bill broken out in any way or does it just show the total number of participants, admin rate and the total cost?**

*FSA Administrator does not bill GIC. Rather enrollment reports are sent to GIC.*

**21. The proposal asks for our most recent annual report. Is the GIC looking for documents that show our financial stability? We are not a publicly traded company or owned by any outside interests. Would a copy of our corporate tax filing, DUNS report and banking references suffice?**

*If your business produces an Annual Report you must supply it. If not, then the suggested documents will suffice but must cover at least a 3 year period.*

**22. The proposal asks for a former client as a reference. Our largest former client left our services several years ago and the contacts may have changed. Is the GIC looking for a more recent former client?**

*Respondent References: Provide three (3) references from large customers for which you provide similar services; public sector entities are preferred. One of the three references will be a former client. For each reference, provide the name of the client, the address, the contact person, his/her telephone number, type of services provided, number of participants, and the nature and scope of the product provided (preferably similar services to those requested in this RFR). – RFR Page 9*

**23. Will the GIC expect the new FSA Administrator to administer the claims run-out period for the 2014 plan year?**

*The GIC reserves the right to determine which FSA Vendor administer the 2014 2 ½ Month Grace Period.*

**24. Does the current FSA Administrator handle the COBRA responsibilities for the HCSA?**

*Yes.*

**25. Has the GIC had any service issues with Benefit Strategies in terms of customer service or claims processing?**

*The GIC has from time to time had concerns which have been raised with the current vendor, and which have been addressed to our satisfaction.*

**26. How is Benefit Strategies handling the debit card substantiation requirements for card swipes that could not be automatically verified?**

*Under the current operation, thresholds are determined by MCC codes. The current vendor has parameters for specific MCC codes such as Doctors and Hospitals which have a \$250 threshold. Dental is \$300. All transactions are monitored by the vendor so that it can be manually substantiate and approve appropriate expenses.*

**27. Can you tell us the percentage of card swipes right now that are automatically verified through IRS approved methods?**

*There were 412,567 debit card transactions in 2013. We do not know the number of transactions that required additional substantiation as the FSA Administrator handles this process.*

**28. Is the State funding any type of deposit or reserve with Benefit Strategies for the debit card or for normal day-to-day administration?**

*No. The participants pay 100% of administrative fees/costs.*

**29. How often are claims reimbursed by Benefit Strategies?**

*The current FSA vendor reimburses claims twice each week.*

**30. Does the Commonwealth of Massachusetts send funds equal to the payroll deductions each pay date to Benefit Strategies or does the Commonwealth of Massachusetts reimburse Benefit Strategies for the claims reimbursed and debit card transactions settled each day/week?**

*Payroll deductions for DCAP, HCSA and HCSAF are sent to our FSA Vendor each pay period.*

**31. Does the GIC have an anticipated schedule for the number of enrollment meetings and/or benefit fairs that it expects the new FSA Administrator to attend?**

*Traditionally, the FSA Breakfast meetings happen in late September, prior to Open Enrollment. The GIC Health Fairs are typically held in April and May. The detailed 2014 GIC Health Fair Schedule is posted on [www.mass.gov/gic](http://www.mass.gov/gic).*

*List of 2014 GIC Health Fairs Dates and Locations:*

*APRIL 2014: April 11 – Pittsfield; April 12 - Buzzards Bay; April 15 - State Transportation Building, Boston; April 16- Middleborough; April 17 – Worcester; April 19 – Haverhill; April 23- McCormack State Office Building, Boston; April 24 – Wrentham; April 25 – Framingham; April 28 – East Bridgewater;  
MAY 2014: May 1 – Amherst and May 2 - Ludlow*

**32. Are there any performance guarantees in place with Benefit Strategies that cover open enrollment, implementation and/or day-to-day administration?**

*The current contract does included performance guarantees.*

**33. Has Benefit Strategies ever failed to meet a performance guarantee?**

*The current contract does included performance guarantees.*

**34. Does the GIC have an estimate on the number of employees that will have a \$500 or less rollover from 2014 to 2015 (maybe a number based on the last year's final balances)?**

*We are unable to forecast future activity of plan participants. Below is some historical data regarding January 1<sup>st</sup> balances and forfeiture amounts after 2 ½ month grace period.*

**Balance Over \$500.00**

Plan Year	# Part.	January 1 Balance	# Part.	Forfeited After Grace Period
		Average Balance		Average Balance
2010	1,083	\$1,269	284	\$1,278
2011	1,420	\$1,224	256	\$1,267
2012	1,595	\$1,181	248	\$1,128

**Balance Under \$500.00**

Plan Year	# Part.	January 1 Balance	# Part.	Forfeited After Grace Period
		Average Balance		Average Balance
2010	5,214	\$88	1,439	\$99
2011	6,247	\$103	1,828	\$96
2012	6,378	\$109	1,585	\$94

**35. Has the GIC been advised on the implications of the \$500 rollover and enrollment in a HSA qualified medical plan?**

*The GIC's health plans are not HSA qualified medical plans, in part because the deductibles are \$250 per individual and \$750 per family. Therefore the GIC has not considered the interaction of a \$500 rollover with enrollment in an HSA qualified medical plan. However, the GIC is open to recommendations on this issue, particularly as it may be relevant to GIC-eligible employees who are enrolled in their spouse's HSA qualified medical plan.*

**36. Does the GIC have a dedicated FSA Web site for its employees or do employees access data through the main Benefit Strategies Web site?**

*The GIC provides program information at [www.mass.gov/gic/fsa](http://www.mass.gov/gic/fsa). Participants can view their FSA account activity on the Benefit Strategies site or free mobile app.*

**37. On the banking items needed we understand our response is public knowledge and will be posted? Will the banking info such as account numbers remain private/not posted?**

*Personal/Private Information - The Commonwealth works to avoid public disclosure of personal information, as defined in M.G.L. c. 93H, and personal data, as defined in M.G.L. c. 66A, including personal names, personal contact information, personal residence addresses as in resumes or references offered by bidders, social security, financial account information or drivers' license numbers.*

**38. Also regarding the communicant fees are fund associated with paying for communication charges:**

**a. What is the current balance of the forfeiture fund?**

*The FSA forfeiture fund has approximately \$632,200.00.*

**b. What is the prior 3 years' worth of communication costs associated with the FSA admin and reflective in debits to that account from Benefit Strategies?**

*Approximately \$35,600 of forfeiture funds have been used for GIC administrative costs, including marketing communications materials, for the 2010-2012 plan years.*

**39. Please describe in detail what is expected for the "annual plan review report." Please provide a sample of this report. Is the report provided to the employer or to plan participants? (Page 9)**



*Annual Plan review report is for the participants and should provide information regarding their election and account activity – such as claims processed, claims denied, payments made by debit card or reimbursement for the plan year, and any monies forfeited.*

**40. Please describe the COBRA services in place at this time. If this service is provided, how many COBRA qualifying event notices were sent to health care FSA participants in 2013? What is a “payment notice?” Please provide a sample. (Page10)**

*Currently the FSA Administrator notifies participants when they are eligible to continue to contribute to the HCSA account under COBRA by making direct payments on an after-tax basis. Participants are identified for COBRA based on the payroll files sent from HRCMS/UMass and offline payroll – indicating the employee has terminated employment.*

*“The HCSA Continuation Coverage under COBRA General Notice and Election Form are available from FSA Administrator as well as on the GIC’s website at [www.mass.gov/gic/fsa](http://www.mass.gov/gic/fsa). The FSA Administrator currently charges a 2% administrative fee.” Participant Handbook 2014 ([www.mass.gov/fsa](http://www.mass.gov/fsa))*

*For 2013, there were nine HCSA COBRA applications submitted. Three of the applications were found to be non-eligible for COBRA.*

*Payment notices would be any instructions or documents that explain the COBRA payment arrangements, amounts, due date and mailing address. Proposals should include a sample of all COBRA related materials that a GIC participant would receive.*

**41. Please describe the current funding arrangement in detail and why physical locations are necessary in Massachusetts.**

*Currently, there are participants in either HCSA or DCAP that have checks issued for reimbursement; these checks are drawn from Sovereign Bank (Santander Bank) with branches located statewide. Participants should be able to cash their reimbursement checks without delay or accruing check cashing fees.*

**42. Does the administrator receive funds based on claims paid; or does the Commonwealth of Massachusetts send actual payroll deductions to the administrator? Please describe funding in detail and provide a flow chart if possible. (Page 16, #3)**

*The Commonwealth of Massachusetts, HR/CMS agencies and UMass, send actual payroll deductions to the FSA administrator. Currently none of the offline agencies provide electronic payroll deduction data. However, several send deductions by Automated Clearing House (ACH) and the majority issue a check for the deductions.*

**43. What was the amount of forfeitures for 2013, 2012 and 2011?**

*The FSA program is currently in the 2 ½ month grace period for 2013 and we're unable to provide forfeiture amounts. However, in 2012 there was a total of \$287,872.66 forfeited and \$167,424.14 in 2011.*

**44. ADP's best practice for funding claims activity is to establish a daily debit arrangement. With this model, the Plan Administrator will retain control of all Plan Assets (FSA pre-tax contributions). ADP will process claims (reimbursement requests and card charges) on a daily basis and then debit from a designated bank account only the amount needed to fund that activity. This model allows ADP to run a zero-based ledger, where a daily reconciliation is performed and all money-movement activity is provided on management reports. Would this model be acceptable to GIC?**

- a. If yes, what type of reporting would be required to support the money-movement activity?
- b. If this model is acceptable, would ADP need to debit multiple bank accounts to fund claims activity or would one account cover all participants? ADP has the ability to assign organizational codes to each employee so that our management reports may provide a detailed breakdown of activity. This is often used by our clients to reconcile money movement activities amongst different locations.

*The GIC appreciates the suggestion but has chosen to seek a third party administrator to manage all aspects of the FSA program, including holding plan assets. The ADP model would not appear to meet the needs of the GIC.*

**45. What is the estimated number of offline agencies that are not able to provide electronic employee eligibility data?**

*All- agencies do not provide eligibility data electronically.*

**46. What is the estimated number of offline agencies that are not able to provide electronic payroll deduction data?**

*Currently none of the offline agencies provide electronic payroll deduction data.*

**47. Please provide the number of annual Health Fairs and location(s) as referenced on page 38, question #4, of the RFR.**

*This year there are 12 Health Fairs scheduled for April and May. The detailed 2014 GIC Health Fair Schedule is posted on [www.mass.gov/gic](http://www.mass.gov/gic).*

*List of Dates and Locations: April 11 – Pittsfield; April 12 - Buzzards Bay; April 15 - State Transportation Building, Boston; April 16- Middleborough; April 17 – Worcester;*

*April 19 – Haverhill; April 23- McCormack State Office Building, Boston; April 24 – Wrentham; April 25 – Framingham; April 28 – East Bridgewater; May 1 – Amherst and May 2 - Ludlow*